ARAB BANK EUROPE

ESG Bulletin

2026

Our key ESG highlights

Who we are and our role

Arab Bank Europe's approach to sustainable and responsible banking is grounded in the longstanding values of Arab Bank Group and our specialist role in connecting European markets with the Middle East and North Africa. This position gives us both the opportunity and the responsibility to support sustainable growth across our key corridors.

Recent progress

We have continued to embed environmental, social and governance (ESG) considerations across our business by:

- Strengthening our climate risk governance in line with Prudential Regulation Authority (PRA) expectations and industry best practice.
- Advancing our approach to responsible financing in our core MENA-focused portfolios.
- Maintaining a strong focus on the wellbeing and development of our people, the robustness of our governance structures, and transparent disclosures to regulators, investors and other stakeholders.

Looking ahead

We recognise that the transition to a more sustainable global economy will create both risks and opportunities for our clients and for the Bank. We are committed to supporting this transition by leveraging our regional expertise and the strength of the wider Arab Bank Group. This report sets out our progress, priorities and future ambitions, and reflects the importance we place on our responsibilities to people, the environment and sound governance.

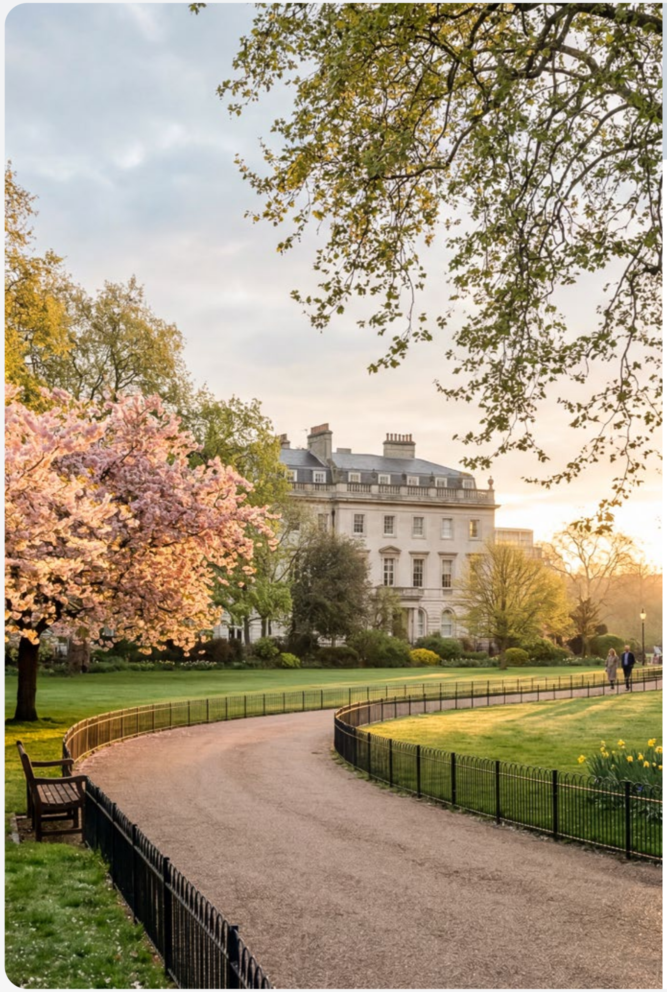
Our priorities

Arab Bank Europe recognises that financial services companies have an important part to play in supporting the transition to a carbon neutral economy and addressing the risks posed by climate change. Arab Bank Europe has been a provider of finance to the renewable energy sector in the MENA region for a number of years, supporting projects for wind, solar and hydro power developments. Arab Bank Europe is also aware of its responsibility to run its operations sustainably and continues to monitor ways to lower energy consumption, reduce emissions and increase recycling.

Arab Bank Europe has continued to enhance its climate / ESG risk framework, with the following key areas of priority in 2025:

- Transition existing climate risk framework to an ESG framework, following roadmap developed at the end of 2025.
- Further enhance climate risk specific aspects of the banks risk framework in line with the latest regulatory requirements released by the PRA in 2025 supervisory statement SS5/25, and EBA where relevant to the banks French subsidiary.
- Continue to enhance the management information available to the Bank's Board and senior management.
- Further developing Climate Risk Stress Testing capabilities to consider wider short-term and long-term climate risk scenarios, utilising the enhanced climate risk assessment data gathered through the client climate risk assessments.
- Enhance existing climate risk assessment data through the use of a Rating Agency Climate Risk tool.
- Continue to collaborate with Arab Bank and the French subsidiary to align the Bank's ESG Risk frameworks.

ESG activities being undertaken by the bank



E Environmental

Lower-carbon staff travel

Electric Car Scheme: The Bank's electric car scheme is now an established element of our lower-carbon travel strategy, with a growing number of colleagues using electric vehicles for business and commuting, helping to reduce emissions from staff travel.

Cycle to Work Scheme: The cycle to work scheme continues to be well used, promoting low-carbon commuting and supporting healthier lifestyles across the workforce.

Resource efficiency and energy use

Paper Reduction and Digitalisation: Office paper consumption continues to decline as we shift to digital processes and electronic documentation. The encouraged use of iPads and other digital tools in meetings, alongside our digital banking app, has reduced printing, and remaining paper use increasingly relies on recycled or sustainably sourced materials.

Renewable Office Energy Supply: All electricity for the Bank's London office is sourced from renewable providers, aligning day-to-day operations with our climate and environmental objectives.

Recycling and staff wellbeing

Recycling Initiatives: Segregated recycling facilities for paper, plastics and other materials are standard across our offices, supporting responsible waste management.

Wellbeing in the Workplace: Environmental actions are complemented by staff wellbeing initiatives, including broader health and wellbeing activities, reinforcing a culture that values both sustainability and employee welfare.

ESG activities being undertaken by the bank

S Social

Diversity, inclusion and customer care

The Bank maintains a diverse and inclusive workforce, with balanced gender representation across levels and a wide range of nationalities, supported by merit-based, equal-opportunity recruitment and development practices.

Customer care is governed by a robust consumer duty framework that ensures fair treatment, clear communication and suitable products, with particular focus on identifying and supporting vulnerable customers.

Staff initiatives and benefits

The Bank promotes staff engagement and wellbeing through activities such as World Food Day, wellness campaigns, International Women's Day events and regular celebrations of team and individual achievements, fostering awareness, healthy lifestyles and a strong sense of community.

A comprehensive benefits package, including private medical and dental insurance, travel insurance, pension schemes and family leave, supports employees' financial, physical and emotional wellbeing.

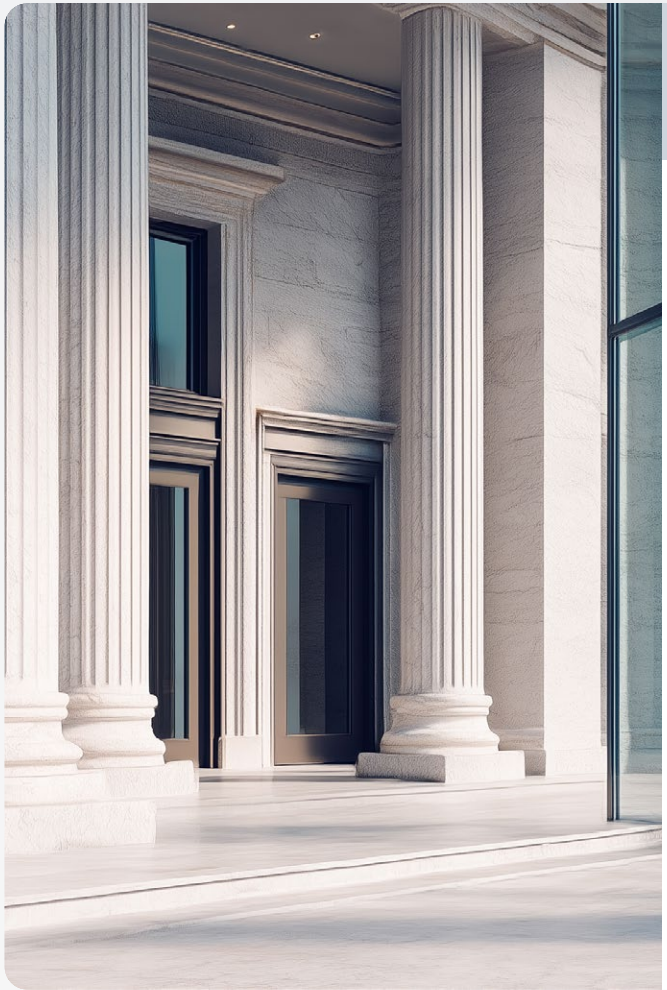
Sharia finance

The Bank continues to develop Sharia-compliant products that offer ethical, transparent, asset-backed and risk-sharing financing solutions, providing customers with choices that align with their values across savings, investment and financing needs.

Charitable activities

The Bank supports education, health, social welfare and community development through charitable contributions, partnerships with recognised organisations and, where possible, staff participation, contributing to positive social impact and long-term community resilience.

ESG activities being undertaken by the bank



G Governance

ESG governance and policy

The ESG Committee, chaired by the CRO, oversees ESG strategy implementation, monitors performance and emerging risks, and reports regularly to relevant Board committees.

The ESG Policy sets principles and minimum standards for integrating ESG into strategy, risk management and day-to-day decisions across sustainable finance, environmental stewardship, responsible lending, human capital, ethics and stakeholder engagement.

ESG framework and social commitments

The ESG framework defines governance, roles and processes for managing ESG risks and opportunities, embedding ESG into risk management, product development, client engagement and disclosures.

Social governance commitments include compliance with applicable Modern Slavery and human rights requirements, strict anti-discrimination and equal opportunity policies, robust health and safety standards and a confidential whistleblowing mechanism.

Board oversight and future objectives

ESG risks and opportunities are escalated through a defined governance pathway, with the ESG Committee providing updates that ensure ESG is reflected in risk appetite and strategy.

Looking to 2026 and beyond, the Bank will further integrate ESG into its core business by strengthening climate and ESG risk management, expanding sustainable finance, enhancing ESG data and reporting and building internal capabilities.

How we manage Climate / ESG risks

Regulations & stress testing

The Bank continues to enhance its ESG and climate risk frameworks in line with regulatory expectations including those issued by the EBA and SS5/25. Climate-related risks are being embedded within the risk management framework, with clear roles, responsibilities and processes for identifying, assessing, monitoring and reporting both physical and transition risks across the portfolio.

The Bank conducts climate-focused stress testing and scenario analysis to assess the resilience of its business model under a range of plausible climate pathways. These exercises consider different time horizons and sectoral impacts and are used to feed into risk appetite and strategic planning.

Renewable finance & commitments

The Bank is progressively increasing its support for renewable energy and low-carbon activities through dedicated renewable energy project finance propositions. The renewable finance portfolio includes funding for projects such as solar and wind generation in the MENA region. These activities are a core lever for aligning the lending book with the transition to a lower-carbon economy.

Risk appetite statement

Climate-related risks are explicitly recognised in the Bank's risk appetite framework as key a risk. The Bank's risk appetite sets expectations in line with its ESG commitments, the Bank has adopted sectoral exclusions and restrictions, including a commitment not to conduct coal-related business. These exclusions are regularly reviewed to ensure consistency with emerging best practice and stakeholder expectations.

Credit & risk management

Climate and wider ESG considerations are integrated into client and transaction assessments throughout the credit lifecycle. Sectoral and counterparty-level reviews consider both physical and transition risk drivers, including clients' exposure to carbon-intensive activities, regulatory change, technology shifts and supply-chain vulnerabilities.

Findings from these climate reviews inform credit decisions, ensuring that climate-related risks are appropriately reflected in the Bank's risk profile.

Climate governance & oversight

Climate-related risks are governed within the Bank's established risk and ESG governance structures, with ultimate oversight resting with the Board. The Board, supported by its Risk Committee, is responsible for ensuring that climate risk is appropriately considered within the overall risk appetite, strategic planning and capital allocation processes. Climate risk is embedded within the enterprise risk management framework, policies and Board reporting.

At executive level, the ESG Committee, chaired by the CRO and comprising senior representatives from key business and control functions, coordinates the Bank's climate risk agenda and monitors progress against regulatory expectations and internal objectives. Responsibilities for identifying, assessing and managing climate risks are clearly allocated across risk, business, finance and ESG functions, with defined escalation pathways and regular reporting on material climate-related exposures, stress test results and key developments. This governance structure ensures that climate considerations are integrated into sector strategies, product design, client engagement and day-to-day risk management activities.

Training

The Bank is investing in ongoing training and capacity building to ensure climate-related risks are understood and effectively managed across the organisation and by key stakeholders. Climate risk training has been provided for staff, tailored to different roles and responsibilities. This includes broad awareness sessions for a wide employee base and more specialised modules for risk, front-office, finance and Credit teams, covering physical and transition risk drivers, regulatory expectations and the integration of climate factors into credit analysis, portfolio management and product design.

Board members and senior executives receive dedicated climate risk training to support informed oversight and strategic decision-making. Training is delivered through a mix of workshops and expert sessions, and is refreshed regularly to reflect emerging regulatory developments, scenario analysis insights and market practices, helping to embed climate competencies into roles, performance expectations and professional development.

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